

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

WASHINGTON HARBOUR, SUITE 400

3050 K STREET, NW

WASHINGTON, D.C. 20007-5108

(202) 342-8400

F A C S I M I L E

(202) 342-8451

www.kelleydrye.com

JOHN J. HEITMANN

DIRECT LINE: (202) 342-8544

EMAIL: JHEITMANN@KELLEYDRYE.COM

NEW YORK, NY
LOS ANGELES, CA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ
BRUSSELS, BELGIUM

AFFILIATE OFFICES
MUMBAI, INDIA

April 1, 2015

BY ECFS

Charles Tyler
Telecommunications Access Policy Division
Wireline Competition Bureau
445 12th Street, SW, Room 5-A452
Washington, DC 20554

Thomas Buckley
Office of the Managing Director
445 12th Street, SW, Room 1-A636
Washington, DC 20554

Re: Head Start Telecom Inc. Lifeline Biennial Audit Final Report

Dear Messrs. Tyler and Buckley,

Please find attached Head Start Telecom Inc.'s Lifeline Biennial Audit Final Report.

If you have any questions, please contact John Heitmann at (202) 342-8544 or jheitmann@kelleydrye.com or Joshua Guyan at (202) 342-8566 or jguyan@kelleydrye.com.

KELLEY DRYE & WARREN LLP

Charles Tyler and Thomas Buckley
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April 1, 2015

Respectfully submitted,



John J. Heitmann
Joshua Guyan
Counsel to Head Start Telecom Inc.

Enclosure

cc: Karen Majcher, USAC (LifelineBiennial@usac.org)

HEAD START TELECOM, INC.

STILLWATER, OK

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

For the Year Ended December 31, 2013

Independent Accountants' Report
On Applying Agreed-Upon Procedures
Head Start Telecom, Inc.
For the Year Ended December 31, 2013

To the Management of Head Start Telecom, Inc., the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission) (the responsible and specified parties):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau, solely to assist you in evaluating Head Start Telecom, Inc.'s compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2013. Head Start Telecom, Inc.'s management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision). The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.

No limitations were imposed on us by Head Start Telecom, Inc. or any other affiliate of Head Start Telecom, Inc. that would affect our findings.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on Head Start Telecom, Inc.'s compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of Head Start Telecom, Inc., USAC, and the FCC (the responsible and specified parties), and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

Curtis Blakely & Co., P.C.

Curtis Blakely & Co., P.C.

March 16, 2015

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Agreed-Upon Procedures Report – Attachment A
Head Start Telecom, Inc.

Attachment A enumerates the agreed-upon procedures for Head Start Telecom, Inc., the associated results, and any management responses obtained in relation to the exceptions identified.

Objective I: Carrier Obligation to Offer Lifeline. To determine if Head Start Telecom, Inc. has procedures in place to make Lifeline services available to qualifying low-income consumers with mandated disclosures regarding requirements to participate in the Lifeline program, and procedures for de-enrolling subscribers when they are no longer eligible to receive Lifeline services.

Procedure 1

We inquired of Head Start Telecom, Inc.'s management and obtained Head Start Telecom, Inc.'s policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

We examined Head Start Telecom, Inc.'s policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

We noted no discrepancies between Head Start Telecom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions were noted.

Procedure 2

We inspected 7 examples (all that were available) of Head Start Telecom, Inc.'s marketing materials describing the Lifeline service (print and web materials used to describe or enroll in the Lifeline service offering, including, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan. We examined the examples to determine if they included the following:

- a. The service is a Lifeline service, which is a government assistance program;
- b. The service is non-transferable;
- c. Only eligible subscribers may enroll;
- d. Only one Lifeline discount is allowed per household; and
- e. The eligible telecommunications carrier (ETC)'s name or any brand names used to market the service.

We noted the inspected marketing materials contained the required information.

No exceptions were noted.

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Agreed-Upon Procedures Report – Attachment A
Head Start Telecom, Inc.

Procedure 3

We randomly selected 10 recorded calls out of the 50 recorded calls, servicing Head Start Telecom, Inc.'s Lifeline subscribers, as provided in response to Item 8 of Appendix A. In reviewing the 10 recorded calls, we noted whether: (1) the telephone number(s) involve the use of interactive voice response (IVR) system; (2) a live customer care operator is available; and (3) and the time spent using the customer care telephone service. We also noted whether the customer care telephone number(s) can be used by subscribers to notify Head Start Telecom, Inc. of the subscriber's intent to cancel service or give notification that the subscriber is no longer eligible to receive service.

We noted the inspected recorded calls contained the required information.

No exceptions were noted.

Procedure 4

We inspected applicable policies and procedures regarding de-enrollment from the program, including when Head Start Telecom, Inc. will de-enroll subscribers based on lack of eligibility, duplicative support, non- usage, and failure to recertify, as further described below.

- a. We inspected Head Start Telecom, Inc.'s policy and procedures for de-enrollment where Head Start Telecom, Inc. has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. §54.409, as provided in response to Item 4 of Appendix A. We noted whether the policy and procedures detail the process for communications between the subscriber and Head Start Telecom, Inc. regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service for failure to demonstrate eligibility.

We noted no discrepancies between Head Start Telecom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrollment for no longer meeting criteria of a qualifying low-income consumer.

No exceptions were noted.

- b. We inspected Head Start Telecom, Inc.'s policies and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). We noted if the policy and procedures state that Head Start Telecom, Inc. will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by §54.405(e)(2) of the Commission's rules.

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We noted no discrepancies between Head Start Telecom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrollment for subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support).

No exceptions were noted.

- c. We inspected Head Start Telecom, Inc.'s policies and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how Head Start Telecom, Inc. monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program.

We noted no discrepancies between Head Start Telecom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules pertaining to de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days).

No exceptions were noted.

Using the list provided in response to Item 10 in Appendix A, we performed the following:

- i. For subscribers listed as de-enrolled or scheduled for de-enrollment, we selected a sample of 10 accounts and requested copies of the non-usage termination notifications or other forms of communication sent to the subscribers.
- ii. We examined the non-usage termination notification template to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service. We noted if the non-usage termination notification template does not include this information, as required by §54.405(e)(3) of the Commission's rules.
- iii. A sample non-usage termination notification template is included in our workpapers.

We noted the inspected non-usage termination notification template contained the required information above.

No exceptions were noted:

- d. We reviewed Head Start Telecom, Inc.'s policy and procedures for de-enrolling a Lifeline subscriber that does not respond to Head Start Telecom, Inc.'s attempts to obtain recertification, as part of the annual eligibility recertification process. For subscribers identified in Items 9.i and j of Appendix A, we selected a random sample of 30 and requested

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Head Start Telecom, Inc.

copies of the notice of impending de-enrollment letters and all other communications sent to the subscribers involving recertification and we also performed the following:

- i. We inspected the sampled notice of impending de-enrollment template used to prepare communications sent to the subscriber regarding re-certification to verify if the communications explain that the subscriber has 30 days following the date of the notice of impending de-enrollment letter to demonstrate continued eligibility or Head Start Telecom, Inc. will terminate the subscriber's Lifeline service.

We noted the inspected notice of impending de-enrollment letter template contained the required information.

No exceptions were noted.

- ii. We reviewed the de-enrollment letter templates, and other forms of communications, and Head Start Telecom, Inc.'s responses to the background questionnaire and verified through observation that the communications were sent by a method separate from the subscriber's bill.

We noted the inspected notices of impending de-enrollment were sent by a method separate from the subscriber's bill.

No exceptions were noted.

- iii. We have included in our workpapers the template of impending de-enrollment letter used by Head Start Telecom, Inc., and any other forms of communications provided to the subscriber.

Objective II: Consumer Qualification for Lifeline. To determine if Head Start Telecom, Inc. has procedures in place to limit Lifeline service to qualifying low-income consumers and ensure that Lifeline service is limited to a single subscription per household.

Procedure 1

We inquired of management and obtained Head Start Telecom, Inc.'s policies and procedures for limiting Lifeline support to a single subscription per household as provided by Head Start Telecom, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared management responses and Head Start Telecom, Inc.'s policies and procedures with the Commission's Lifeline rules set forth in §54.409(c) (Appendix F).

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Head Start Telecom, Inc.

We noted no discrepancies between Head Start Telecom, Inc.'s policies and procedures for limiting Lifeline support to a single subscription per household, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions were noted.

Procedure 2

We reviewed procedures Head Start Telecom, Inc. has in place to ensure it has accurately completed the FCC Form 497 including inquiries of management to describe the process for completing the FCC Form 497. The procedures or process should include the following:

- The position title of the person responsible for obtaining data for the FCC Form 497;
- The process for determining which subscribers should be included monthly in the FCC Form 497. Verify the procedures include cut-off and billing cycle dates, and only those subscribers active as of the start or end of the month;
- That a corporate officer signature is required for the FCC Form 497;
- That a verification process exists to perform an independent review; that is, the person reviewing or validating the form's data is different from the person completing the form;
- Provides the billing system name used to generate completion of the form; and
- If applicable, describes the process for completing the Tribal Link Up portions of the FCC Form 497.

The inspected procedures for accurately completing the FCC Form 497 contained the required information

No exceptions were noted.

Procedure 3

We obtained the Subscriber List in response to Item 1 of Appendix A and obtained Head Start Telecom, Inc.'s FCC Form 497(s) for each study area in the selected states (Illinois, Pennsylvania and Washington) for October, 2013. We examined the number of subscribers claimed on the Form(s) 497 and compared to the number of subscribers contained on the Subscriber List for each study area noting all were in agreement.

No exceptions were noted.

Procedure 4

Using Microsoft Excel data sorting and conditional formatting functions, we examined the Subscriber List and noted if there were any duplicate addresses with different subscribers. We then created a sample list reflecting these results. This list was then used in Procedure 5.

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Head Start Telecom, Inc.

Procedure 5

From the list completed in Procedure 4 above, we randomly selected 30 subscribers and requested copies from Head Start Telecom, Inc. of the one-per-household certification form or the original Lifeline certification form, for each of the selected subscribers. We verified that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet or the original Lifeline certification form, unless they were the first subscriber in the household. There were no incomplete certifications.

Findings:

One of the one-per-household certification forms from the sample of 30 was missing.

Head Start Telecom, Inc. Response:

One of the thirty one-per-household worksheets requested by the auditors could not be provided. The enrollment occurred on July 26, 2012 using the electronic ordering process in the BeQuick Operating System. Although the duplicate address was detected, the system at the time did not prompt the enrolling personnel to obtain a one-per-household worksheet. The subscriber was loaded into the National Lifeline Accountability Database, but de-enrolled prior to the “Track 2” (different subscriber, same address) resolution process.

Head Start Telecom’s enrollment processing using BeQuick is designed to detect intra-company duplicate addresses and acknowledge duplicate address indications from NLAD and prompt the collection of a one-per-household worksheet, which is what occurred for all but one of the thirty audited cases, which is a 96.6 percent success rate.

Objective III: Subscriber Eligibility Determination and Certification. To determine if Head Start Telecom, Inc. implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by Head Start Telecom, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared management responses and carrier policies and procedures with the Commission’s Lifeline rules set forth in §54.410 (Appendix F).

We noted no discrepancies between Head Start Telecom, Inc.’s policies and procedures, management’s responses to the inquiries, and the Commission’s Lifeline rules pertaining to ensuring that Head Start Telecom, Inc.’s Lifeline subscribers are eligible to receive Lifeline services.

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Head Start Telecom, Inc.

No exceptions were noted.

- a. We inspected Head Start Telecom, Inc.'s policies looking for evidence as to whether they include a policy that Head Start Telecom, Inc. does not retain copies of subscribers' proof of income or program based eligibility.

We noted Head Start Telecom, Inc. does have a policy to not retain copies of subscribers' proof of income or program based eligibility.

No exceptions were noted.

- b. We inspected Head Start Telecom, Inc.'s policies looking for evidence as to whether they include a policy or procedure that Head Start Telecom, Inc. must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that Head Start Telecom, Inc. or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

We noted Head Start Telecom, Inc. does have a policy that Head Start Telecom, Inc. must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that Head Start Telecom, Inc. or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

No exceptions were noted.

Procedure 2

We examined Head Start Telecom, Inc.'s policies and procedures for training employees and agents for ensuring that Head Start Telecom, Inc.'s Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

Following is a summarization of Head Start Telecom, Inc.'s policies and requirements relative to the above. Head Start Telecom, Inc. uses the CGM, LLC application system for its application process, including certification and recertification. All employees and agents interacting with existing and potential Lifeline customers undergo training regarding the eligibility and certification requirements in the Lifeline Reform Order, one per household rules, use and interaction with NLAD including limiting access to NLAD, and privacy and security. Employees and agents are trained upon hire and at least annually thereafter. Each employee and agent is tested and signs a statement attesting to training and understanding the eligibility requirements. Head Start Telecom, Inc. employees and agents are issued a code of conduct that details how employees should interact with customers and provided with examples of acceptable documentation of eligibility.

No exceptions were noted.

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Procedures 3

We randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, performed the tests described below, for each of the subscriber's certification and recertification forms.

- a. We examined the subscriber certification and recertification forms or other forms of communication, if any, to verify the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 - 1. The subscriber's full name;
 - 2. The subscriber's full residential address;
 - 3. Whether the subscriber's residential address is permanent or temporary;
 - 4. The subscriber's billing address, if different from the subscriber's residential address;
 - 5. The subscriber's date of birth;
 - 6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
 - 7. If the subscriber is seeking to qualify for Lifeline under the program- based criteria, as set forth in §54.409, the name of



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- the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
8. If the subscriber is seeking to qualify for Lifeline under the income- based criterion, as set forth in §54.409, the number of individuals in his or her household.
- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in §54.409;
 2. The subscriber notified Head Start Telecom, Inc. within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program- based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
 3. If the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, he or she lives on Tribal lands, as defined in §54.400(e);
 4. If the subscriber moves to a new address, he or she will provide that new address to Head Start Telecom, Inc. within 30 days;
 5. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
 6. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge;
 7. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
 8. The subscriber acknowledges that the subscriber may be required to recertify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to recertify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to §54.405(e)(4).
- ix. We compared Head Start Telecom, Inc.'s subscriber eligibility criteria on the certification and recertification forms other forms of communication, to the federal eligibility criteria listed in per 47 C.F.R. §54.409.

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Head Start Telecom, Inc.

- x. We verified the subscriber completed all the required elements as identified in Objective III – 3 a. above, including signature and initialing/checkbox requirements contained in the certification and recertification forms and other forms of communication.
- xi. We examined the subscriber's initial certification form to verify the initial certification form is dated prior to or on the same day as the Lifeline start date per the Subscriber List. This procedure would not apply to subscribers enrolled prior to June, 2012.
- xii. If applicable, we verified subscribers who received Tribal Lifeline support certified to residing on Tribal lands.

We noted certification and recertification forms and other forms of communication, included the above required information.

Findings:

From the first sample of 50 we found a total of 11 sample items that had exceptions. A description of the exceptions for the 11 sample items follows:

- 1) There were 3 that did not include the statements about Lifeline being a federal benefit, one benefit per household, the definition of a household, violation of one per household rule will result in de-enrollment, benefit is not transferable, 30 day notification if no longer eligible, and notification of new address.
- 2) Eleven did not include date of birth.
- 3) Because this error rate exceeded 5%, the second sample of 50 was examined.

There were no exceptions noted in the second sample of 50.

Head Start Telecom, Inc. Response:

Out of the initial fifty samples reviewed (certification and recertification forms), the auditor found eleven total for which it found exceptions. The auditor then reviewed an additional fifty samples and found no exceptions. With respect to the forms with exceptions, all eleven did not include the applicant's date of birth on the form. Although Head Start Telecom collected the dates of birth and had them in the company's records, the date of birth field was not included on the application forms used prior to August 28, 2012. The date of birth has been included on all application forms since that date and Head Start Telecom now uses an electronic enrollment platform that requires entry of the date of birth to continue with the enrollment.

Further, for three out of the eleven forms at issue, several required disclosures were not included on the forms. Those enrollments occurred using old forms that have not been used since July 16, 2012. The required disclosures have been included on all forms since that date and Head Start Telecom uses an electronic enrollment platform that provides the required



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disclosures as part of every enrollment. All of the samples reviewed by the auditor for enrollments after August 28, 2012 were found to be in full compliance.

- b. We reviewed the list of the data source or documentation Head Start Telecom, Inc. reviewed to confirm the subscriber's eligibility. We verified the recorded data sources are eligible data sources per 47 C.F.R. §54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

No exceptions were noted.

Objective IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers.
To determine if Head Start Telecom, Inc. has made and submitted to the Universal Service Administrative Company the required annual certifications, under penalty of perjury, relating to the Lifeline program by an officer of the company and maintained recordkeeping requirements.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that Head Start Telecom, Inc. has made and submitted the annual certifications required under §54.416 and §54.422 of the Commission's rules. We examined these policies and procedures.

We noted no discrepancies between Head Start Telecom, Inc.'s policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules relative to submitting the annual certifications.

No exceptions were noted.

Procedure 2

We examined Head Start Telecom, Inc.'s FCC Forms 555 that were filed the January following the audit period. We verified Head Start Telecom, Inc. made all of the following certifications. An officer of Head Start Telecom, Inc. certified that he or she understands the Commission's Lifeline rules and requirements and that Head Start Telecom, Inc.:

- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
- b. Is in compliance with all federal Lifeline certification procedures; and
- c. In instances where Head Start Telecom, Inc. confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. §54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources Head Start Telecom, Inc. used to confirm eligibility.

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The Form 555 does not include a place to certify that the officer understands the Commissions' Lifeline rules and requirements. Head Start Telecom, Inc. believes this is implicit to the officer certifying the Form 555.

No exceptions were noted.

Procedure 3

We examined Head Start Telecom, Inc.'s organization chart provided in response to Item 5 of Appendix A. We verified that the certifying officer on the FCC Forms 555 for the selected states is an officer per the organizational chart or other publicly available documents.

No exceptions were noted.

Procedure 4

We verified that the subscriber counts per the FCC Forms 555 for the selected states agree with the total subscriber counts per the February Forms 497.

No exceptions were noted.

Procedure 5

For the month of February, we randomly selected the only state where Head Start Telecom, Inc. received Lifeline support and is responsible for the annual recertification process (Oklahoma). We reviewed Head Start Telecom, Inc.'s recertification results of the individual subscribers reported on the FCC Form 555 filed the January following the audit period for Oklahoma, as provided in Table 2 (Item 9 of Appendix A). We verified that the data reported on the FCC Form 555 for those states agrees with the detailed recertification results.

No exceptions were noted.

Procedure 6

Since the non-usage rule applies to Head Start Telecom, Inc., we (i) randomly selected three months during the audit period (April, July, and October 2013); (ii) selected the only state where Head Start Telecom, Inc. received Lifeline support (Oklahoma); and, (iii) reviewed Head Start Telecom, Inc.'s detailed non-usage results of the individual subscribers reported on the FCC Forms 555 for those three randomly selected months within Oklahoma, as provided in Item 10 of Appendix A (Non-Usage Sample).

No exceptions were noted.



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Head Start Telecom, Inc.

Procedure 7

We reviewed Head Start Telecom, Inc.'s annual ETC certification Form 481, as provided in Item 13 of Appendix A. We verified that Head Start Telecom, Inc. reported all the information and made all the applicable certifications required by 47 C.F.R. §54.422(a)(b).

No exceptions were noted.

Procedure 8

Because Head Start Telecom, Inc.'s ETC designation is by state and not by the FCC, Head Start Telecom, Inc. is not required to provide information about outages, complaints, and compliance with quality standards so the requirement to review supporting schedules is not applicable.

Procedure 9

We inquired of management and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by Head Start Telecom, Inc. in response to Item 4 of Appendix A. We examined the policies and procedures. We compared the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. §54.417.

No exceptions were noted.

